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**DESOTO PARISH
AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS
LOGANSPOUT, MANSFIELD, & STONEWALL, LOUISIANA

ANNUAL FINANCIAL REPORT
JUNE 30, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/27/10

DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
Logansport, Mansfield, & Stonewall, Louisiana

Financial Report
June 30, 2009

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DESOTO PARISH AMBULANCE SERVICE DISTRICT

P. O. Box 863
Mansfield, LA 71052

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the DeSoto Parish Ambulance Service District's (doing business as DeSoto EMS) financial performance provides an overview of the DeSoto Parish Ambulance Service District's financial activities for the fiscal year ended June 30, 2009. The District's financial statements are presented under the reporting models required by the Governmental Accounting Standards Board Statement No. 34.

FINANCIAL HIGHLIGHTS

The DeSoto Parish Ambulance Service District's net assets increased by \$534,755 or 26%.

The DeSoto Parish Ambulance Service District's total general revenues were \$1,195,479 in 2009 compared to \$1,082,643 in 2008.

During the year ended June 30, 2009, the DeSoto Parish Ambulance Service District had total expenses of \$1,507,210 (which includes \$93,218 in depreciation).

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Ambulance District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

The DeSoto Parish Ambulance Service District was determined to be a component unit of the DeSoto Parish Policy Jury. The Jury is financially accountable for the district because it appoints or ratifies a voting majority of its board and has the ability to impose its will on them. The accompanying financial statements present information only on the funds maintained by the DeSoto Parish Ambulance Service District.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the DeSoto Parish Ambulance Service District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the DeSoto Parish Ambulance Service District's operation in more detail than the government-wide statements by providing information about the DeSoto Parish Ambulance Service District's most significant fund.

The Statement of Net Assets and the Statement of Activities on pages 11 and 12 report information about the fund maintained by the DeSoto Parish Ambulance Service District as a whole and about its assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the DeSoto Parish Ambulance Service District's net assets and changes in them.

Currently the EMS has only governmental activities that provide for personnel services, medical supplies, repairs and maintenance, occupancy expenses, and other costs related to the proper administration of the District's ambulance services. Ambulance fees and ad valorem (property) taxes finance these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements begin on page 14 and provide detailed information about the most significant fund maintained by the DeSoto Parish Ambulance Service District - not the DeSoto Parish Ambulance Service District as a whole. The DeSoto Parish Ambulance Service District's governmental fund uses the following accounting approaches:

Governmental funds - All of the DeSoto Parish Ambulance Service District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the DeSoto Parish Ambulance Service District's general government operations and the expenses paid from those funds. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance certain DeSoto Parish Ambulance Service District expenses. We describe the relationship (or differences) between governmental activities reported in the Statement of Net Assets and the Statement of Activities and governmental funds in reconciliation Statements on pages 15 and 17.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the EMS's budget presentations. A Budgetary comparison statement is included as "required supplementary information" for the general fund. This statement is a required schedule demonstrating compliance with the adopted and final revised budget. Required supplementary information can be found on page 29 of this report.

FINANCIAL ANALYSIS OF THE DESOTO PARISH AMBULANCE DISTRICT AS A WHOLE

The DeSoto Parish Ambulance Service District's total net assets changed from a year ago, increasing from \$1,522,448 to \$2,057,203. Our analysis below will focus on key elements of the total governmental funds for the June 30, 2009 year.

Table 1
Net Assets
June 30, 2009

| | <u>Governmental Activities</u> | |
|--|------------------------------------|--------------------|
| | <u>2009</u> | <u>2008</u> |
| ASSETS: | | |
| Current and Other Assets | \$1,592,031 | \$1,188,177 |
| Capital Assets | <u>480,591</u> | <u>350,935</u> |
| Total Assets | <u>\$2,072,622</u> | <u>\$1,539,112</u> |
| LIABILITIES: | | |
| Current Liabilities | \$ 15,419 | \$ 16,664 |
| Long-term Liabilities | <u>0</u> | <u>0</u> |
| Total Liabilities | <u>\$ 15,419</u> | <u>\$ 16,664</u> |
| NET ASSETS: | | |
| Unrestricted | \$ 480,591 | \$1,171,513 |
| Invested in Capital Assets, net of related debt | <u>1,576,612</u> | <u>350,935</u> |
| Total Net Assets | <u>\$2,057,203</u> | <u>\$1,522,448</u> |

Net assets of the DeSoto Parish Ambulance Service District's governmental activities increased by \$534,755 or 26%. The District has no restrictions on its net assets.

Table 2
Changes in Net Assets
June 30, 2009

| | Governmental Activities | |
|--|----------------------------|--------------------|
| | <u>2009</u> | <u>2008</u> |
| REVENUES: | | |
| Program Revenues- | | |
| Charges for Services | \$ 815,062 | \$ 626,176 |
| General Revenues- | | |
| Ad Valorem Taxes | 1,166,897 | 949,251 |
| Federal Grant | 11,424 | 35,629 |
| Local Grant | 20,000 | 0 |
| Miscellaneous Revenues | 17,920 | 74,724 |
| Interest Income | <u>10,662</u> | <u>23,039</u> |
| Total Revenues | <u>\$2,041,965</u> | <u>\$1,708,819</u> |
| EXPENSES: | | |
| Public Safety-Emergency Medical Services | \$1,457,112 | \$1,320,224 |
| Administrative | <u>50,098</u> | <u>34,006</u> |
| Total Expenses | <u>\$1,507,210</u> | <u>\$1,354,230</u> |
| Increases (Decreases) in Net Assets | \$ 534,755 | \$ 354,589 |
| Net Assets Beginning | <u>1,522,448</u> | <u>1,167,859</u> |
| Net Assets Ending | <u>\$2,057,203</u> | <u>\$1,522,448</u> |

Total revenues increased \$333,146 from total revenues in the year ended June 30, 2008 of \$1,708,819 to total revenues of \$2,041,965 in the year ended June 30, 2009. This increase was due to an increase in ad valorem taxes and charges for services.

The EMS is heavily reliant on ad valorem (property) taxes to support its operations. Property taxes provided 57% of the total revenues. Charges for services are for reimbursements from insurance companies-primarily Medicare and Medicaid. The ambulance service is at no cost to the parish residents.

As the District completed the year, its governmental funds as presented in the balance sheet on page 14 reported a combined fund balance of \$1,535,566, which is higher than last year's fund balance of \$1,138,438. Expenditures as reported on page 16 increased from \$1,525,672 for the year ended June 30, 2008 to \$1,636,866 for 2009.

BUDGETARY HIGHLIGHTS

The District adopted a budget for its General Fund for the year ended June 30, 2009. There were no amendments to the budget during the year. The District's budgetary comparison is presented as required supplementary information and shown on page 29. Highlights for the year are as follows:

- Revenues received were more than the budgeted amounts due to a higher amount of assessed ad valorem taxes received and ambulance service charges collected than anticipated.
- Expenditure budget amounts were 7% lower than anticipated due to less spent on capital outlays than expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2009, the DeSoto Parish Ambulance Service District had invested \$480,591 in capital assets. (See table 3 below)

Table 3
Capital Assets at Year End
(Net of Depreciation)
June 30, 2009

| | Governmental Activities | |
|--------------------------|----------------------------|------------------|
| | 2009 | 2008 |
| Ambulances | \$343,298 | \$269,842 |
| Medical Equipment | 61,330 | 29,049 |
| Communications Equipment | 6,688 | 13,771 |
| Other Equipment | 10,172 | 25,526 |
| Building and Land | 52,558 | 0 |
| Leasehold Improvements | 4,725 | 10,071 |
| Billing Software | <u>1,820</u> | <u>2,676</u> |
| Total | <u>\$480,591</u> | <u>\$350,935</u> |

More detailed information about the capital assets are presented in Note 4 to the financial statements.

Debt

At year end, the EMS had no long-term debt obligations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The DeSoto Parish Ambulance Service District's management considered many factors when setting the fiscal year June 30, 2010 budget. Revenue amounts available for appropriation in the governmental funds are expected to be slightly higher than last year due to an increase in ad valorem taxes.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the DeSoto Parish Ambulance Service District and to show the DeSoto Parish Ambulance Service District's accountability for the money it receives. If there are any questions about this report or additional financial information is needed, contact the Administrator, Joe Magee, at P. O. Box 863, Mansfield, Louisiana, 71052.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation

Roger M. Cunningham, CPA – A Professional Corporation

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INDEPENDENT AUDITOR'S REPORT

Mr. Joe Magee, Administrator
DeSoto Parish Ambulance Service District
P. O. Box 863
Mansfield, LA 71052

We have audited the accompanying financial statements of the governmental activities and the major fund of the DeSoto Parish Ambulance Service District, d/b/a DeSoto EMS (District), a component unit of the DeSoto Parish Police Jury, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 1 through 6 and 29, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the other required supplementary information. However, we did not audit the information and express no opinion on it.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

December 18, 2009

Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
Statement of Net Assets
June 30, 2009

| | Governmental <u>Activities</u> |
|---|-----------------------------------|
| ASSETS: | |
| Cash & Cash Equivalents | \$1,244,630 |
| Ambulance Service Receivables, Net of Allowance for Uncollectibles | 299,668 |
| Ad Valorem Taxes Receivable | 41,046 |
| Prepaid Insurance | 6,688 |
| Capital Assets (Net) | <u>480,591</u> |
| Total Assets | <u>\$2,072,623</u> |
| LIABILITIES: | |
| Accounts, Salaries, and Other Payables | \$ <u>15,420</u> |
| Total Liabilities | <u>\$ 15,420</u> |
| NET ASSETS: | |
| Invested in Capital Assets | \$ 480,591 |
| Unrestricted | <u>1,576,612</u> |
| Total Net Assets | <u>\$2,057,203</u> |

See notes to financial statements.

DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
Statement of Activities
June 30, 2009

| Activities | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets Governmental Activities |
|----------------------------------|--------------------|----------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities: | | | | | |
| General Government- | | | | | |
| Public Safety | \$1,457,112 | \$815,062 | \$11,424 | \$20,000 | \$ (610,626) |
| Administrative | <u>50,098</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(50,098)</u> |
| Total Governmental Activities | <u>\$1,507,210</u> | <u>\$815,062</u> | <u>\$11,424</u> | <u>\$20,000</u> | <u>\$ (660,724)</u> |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Ad Valorem Taxes | | | | | \$1,166,897 |
| Interest Earnings | | | | | 10,662 |
| Other Revenue | | | | | <u>17,920</u> |
| Total General Revenues | | | | | <u>\$1,195,479</u> |
| Change in Net Assets | | | | | \$ 534,755 |
| Net Assets January 1, 2008 | | | | | <u>1,522,448</u> |
| Net Assets June 30, 2009 | | | | | <u>\$2,057,203</u> |

See notes to financial statements.

FUND FINANCIAL STATEMENTS

DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
Balance Sheet-Governmental Fund
June 30, 2009

ASSETS:

| | |
|---|--------------|
| Cash & Cash Equivalents | \$1,244,630 |
| Ambulance Service Receivables, Net of Allowance for Uncollectibles | 299,668 |
| Ad Valorem Taxes Receivable | 41,046 |
| Prepaid Insurance | <u>6,688</u> |

Total Assets \$1,592,032

LIABILITIES:

| | |
|--|---------------|
| Accounts, Salaries, and Other Payables | \$ 15,420 |
| Deferred Ad Valorem Revenue | <u>41,046</u> |

Total Liabilities \$ 56,466

FUND BALANCE:

| | |
|-------------------------|--------------------|
| Unreserved-Undesignated | <u>\$1,535,566</u> |
|-------------------------|--------------------|

Total Liabilities and Fund Balance \$1,592,032

See notes to financial statements.

DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Assets
June 30, 2009

| | |
|--|--------------------|
| Total Fund Balance for the Governmental Fund at June 30, 2009 | \$1,535,566 |
| Total Net Assets reported for Governmental Activities in the Statement of Net Assets is different because: | |
| Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the fund. | 480,591 |
| Deferred revenues are reported as liabilities in the Governmental Funds, but are reflected as income in the Government-wide Financial Statements | <u>41,046</u> |
| Total Assets of Governmental Activities at June 30, 2009 | <u>\$2,057,203</u> |

See notes to financial statements.

DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Fund
Year Ended June 30, 2009

REVENUES:

| | |
|---------------------------|------------------------|
| Taxes- | |
| Ad Valorem | \$1,158,495 |
| Ad Valorem Interest | 431 |
| Charges for Services- | |
| Ambulance Service Charges | 815,062 |
| Intergovernmental- | |
| Federal Grant | 11,424 |
| Local Grant | 20,000 |
| Miscellaneous- | |
| Investment Earnings | 10,662 |
| Other Revenues | <u>17,920</u> |
| Total Revenues | <u>\$2,033,994</u> |

EXPENDITURES:

| | |
|------------------------|------------------------|
| Current- | |
| General Government- | |
| Administrative | \$ 34,344 |
| Public Safety | 1,183,939 |
| Operations | 168,920 |
| Occupancy | 18,728 |
| Capital Outlay | <u>230,935</u> |
| Total Expenditures | <u>\$1,636,866</u> |

| | |
|--------------------------------------|------------------------|
| Excess of Revenues over Expenditures | \$ 397,128 |
| Fund Balance-Beginning of Year | <u>1,138,438</u> |
| Fund Balance-End of Year | <u>\$1,535,566</u> |

See notes to financial statements.

DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
for the Year Ended June 30, 2009

| | |
|---|-----------|
| Net Change in Fund Balance-Total Governmental Fund | \$397,128 |
|---|-----------|

Amounts reported for Governmental Activities
in the Statement of Activities are different because:

Governmental Funds report Capital Outlays as
expenditures. However, in the Statement of Activities,
the cost of these assets is allocated over their estimated
useful lives as depreciation expense.

| | |
|----------------------|----------|
| Capital Outlays | 230,935 |
| Depreciation Expense | (93,218) |

Because of timing of actual receipt, some revenues are
not considered "available" to pay current obligations
and are not reported in the governmental funds. They
are, however, reported in the Statement of Activities.
Increase in deferred revenues

7,971

The net effect of disposal of assets is to decrease net assets.

| | |
|--------------------------------------|--------------|
| Decrease in Depreciable Assets | (13,072) |
| Decrease in Accumulated Depreciation | <u>5,011</u> |

| | |
|---|------------------|
| Change in Net Assets of Governmental Activities | <u>\$534,755</u> |
|---|------------------|

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
Notes to Financial Statements
June 30, 2009

INTRODUCTION

The Desoto Parish Ambulance Service District was created by a parish resolution July 12, 2000. The District is comprised of all the territory located within the Parish of DeSoto. The District does business as DeSoto EMS. The District is governed by a Board of Commissioners who are appointed by the DeSoto Parish Police Jury. The Board of Commissioners received no compensation during 2008-2009. The purpose of the District is to provide ambulance service for the transportation of persons which necessitate ambulance care and for providing related services. The DeSoto EMS averages fifty-six employees.

1. Summary of Significant Accounting Policies:

A. Reporting Entity-

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the DeSoto Parish Ambulance Service District is considered a component unit of the DeSoto Parish Policy Jury. The Policy Jury is financially accountable for the District because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Policy Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Measurement Focus and Basis of Accounting:

Government-Wide Financial Statements (GWFS)

The DeSoto Parish Ambulance Service District's basic financial statements include both government-wide (reporting the funds maintained by the DeSoto Parish Ambulance Service District as a whole) and fund financial statements (reporting the DeSoto Parish Ambulance Service District's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The DeSoto Parish Ambulance Service District's general fund is classified as governmental activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The DeSoto Parish Ambulance Service District does not have any business-type activities.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The DeSoto Parish Ambulance Service District's net assets are reported in two parts - invested in capital assets (net of related debt), and unrestricted net assets.

DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
Notes to Financial Statements
June 30, 2009

The government-wide Statement of Activities reports both the gross and net cost of each of the DeSoto Parish Ambulance Service District's functions. The functions are supported by program revenues and general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Program revenues of the District consist of ambulance fees billed to insurance companies and individuals. The net costs (by function) are normally covered by general revenues.

Fund Financial Statements (FFS)

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The DeSoto Parish Ambulance Service District reports the following governmental fund:

- The General Fund is the general operating fund of the Desoto Parish Ambulance Service District. The fund is used to account for all financial resources except those required to be accounted for in another fund.

Amounts reported as program revenues include 1) charges to customer applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes, interest earnings, and other revenue.

DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
Notes to Financial Statements
June 30, 2009

C. Stewardship, Compliance and Accountability:

Budget Information – The District uses the following budget practices:

A budget for the ensuing year is prepared prior to June 30 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The proposed budget is prepared on the modified accrual of accounting. The budget is established and controlled by the board of commissioners at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the board of commissioners. There were no budget amendments during the year ended June 30, 2009.

D. Cash, Cash Equivalents, and Investments:

Cash includes amounts in interest-bearing, demand deposits, and short-term timed deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts with state banks organized under Louisiana law or any other state of the United States or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at cost which approximates market.

E. Capital Assets:

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|------------|-------------|
| Buildings | 25-40 years |
| Ambulances | 5-7 years |
| Equipment | 5-10 years |

DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
Notes to Financial Statements
June 30, 2009

F. Long-Term Debt:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

G. Compensated Absences:

After one year of service, all regular, full-time employees are granted three 24-hour shifts or 42 hours (dispatch) of vacation leave each year. After two years the employees are granted four 24-hour shifts or 60 hours (dispatch) of paid vacation. There is no carry over of vacation time from one calendar year to the next. With 5 years-plus continuous service with the Desoto Parish Ambulance Service District, employees are granted six 24-hour shifts and 84 hours (dispatch) of vacation each year. Sick leave will accumulate for fulltime employees at a rate of 4 hours per pay period to be used after one year of service. Accumulated sick leave is forfeited upon separation of employment; therefore under GASB Statement No. 16 guidelines compensated absences for sick pay are not recorded in the financial statements.

H. Use of Estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

I. Prepaid Items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

J. Deferred Revenue:

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied. On governmental fund financial statements, receivables that are not collected within the available period are recorded as deferred revenue.

DeSoto Parish Ambulance Service District
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Notes to Financial Statements
June 30, 2009

K. Net Assets/Fund Equity:

In the government-wide financial statements equity (the difference between assets and liabilities) is classified as net assets and is reported in three components:

1. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - consists of net assets with constraints placed on their use by a) external groups, such as creditors, grantors, or laws or regulations of other governments; or b) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - consists of all other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved (portions of fund equity not available for appropriation or are legally restricted by outside parties for use for a specific purpose) or unreserved, with unreserved segregated between designated (portions of fund balance which represents management's plans which are subject to change) and undesignated.

2. Cash and Cash Equivalents:

At June 30, 2009, the District has cash and cash equivalents (book balances) totaling \$1,244,629 in interest bearing, demand and short-term timed deposits.

These deposits are stated at cost which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a custodial bank that is mutually acceptable to both parties. At June 30, 2009, the District has \$1,282,897 in deposits (collected bank balances). These deposits are secured from risk by \$750,000 of federal deposit insurance and \$2,088,525 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASS Category 3).

DeSoto Parish Ambulance Service District
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Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

3. Levied Taxes:

The DeSoto Parish Ambulance Service District was authorized an ad valorem tax millage of 4.0 mills and levied taxes of 4.0 mills for 2008. This tax is for the purpose of paying the cost of providing ambulance service in the parish and is for a period of ten years beginning with the year 2001 and ending with the year 2010.

The property tax is as follows:

| | |
|----------------------------|-------------|
| Assessment date | January 1 |
| Levy date | June 30 |
| Tax bills mailed | October 15 |
| Total taxes due | December 31 |
| Penalties & interest added | January 31 |
| Tax sale | May 15 |

Total assessed value was \$291,725,048 in 2008. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$38,051,137 of the assessed value in 2008. The EMS adjusted ad valorem tax revenue was \$1,158,495. The following are the principal taxpayers for the parish (2008 amounts):

| <u>Taxpayer</u> | <u>Type of Business</u> | <u>Assessed Valuation (in thousands)</u> | <u>Percentage of Total Assessed Valuation</u> |
|-------------------------|-------------------------|--|---|
| International Paper | Manufacturing | \$ 70,209 | 24.07% |
| Southwestern Electric | Utility | 24,067 | 8.25% |
| Exco Partners Operating | Oil and Gas | 23,629 | 8.10% |
| Cleco Power, LLC | Utility | 21,835 | 7.48% |
| El Paso Production Co. | Oil and Gas | <u>16,824</u> | <u>5.77%</u> |
| Total | | <u>\$156,564</u> | <u>53.67%</u> |

Ad valorem taxes receivable at June 30, 2009, is \$41,046.

DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
Notes to Financial Statements
June 30, 2009

4. Capital Assets:

Capital asset activity for the year ended June 30, 2009, was as follows:

| | Balance <u>June 30, 2008</u> | Additions | Reclassifications/ <u>Deductions</u> | Balance <u>June 30, 2009</u> |
|--|---------------------------------|----------------------|---|---------------------------------|
| Capital Assets, being Depreciated- | | | | |
| Ambulances | \$637,415 | \$150,161 | \$ (90,470) | \$697,106 |
| Buildings and Land | 0 | 0 | 27,389 | 27,389 |
| Construction in Progress | 0 | 28,990 | 0 | 28,990 |
| Equipment- | | | | |
| Medical | 85,818 | 42,161 | 0 | 127,979 |
| Communications | 30,806 | 3,450 | (13,072) | 21,184 |
| Other | 29,463 | 6,172 | (21,764) | 13,871 |
| Leasehold Improvements | 12,044 | 0 | (5,625) | 6,419 |
| Billing Software | <u>10,634</u> | <u>0</u> | <u>0</u> | <u>10,634</u> |
| Total Capital Assets, being Depreciated | <u>\$806,180</u> | <u>\$230,934</u> | <u>\$(103,542)</u> | <u>\$933,572</u> |
| Less, Accumulated Depreciation- | | | | |
| Ambulances | \$367,574 | \$ 76,703 | \$ (90,470) | \$353,807 |
| Buildings and Land | 0 | 1,292 | 2,530 | 3,822 |
| Equipment- | | | | |
| Medical | 56,768 | 9,879 | 0 | 66,647 |
| Communications | 17,035 | 2,473 | (5,011) | 14,497 |
| Other | 3,938 | 1,575 | (1,812) | 3,701 |
| Leasehold Improvements | 1,972 | 449 | (718) | 1,694 |
| Billing Software | <u>7,958</u> | <u>856</u> | <u>0</u> | <u>8,814</u> |
| Total Accumulated Depreciated | <u>\$455,245</u> | <u>\$ 93,218</u> | <u>\$ 95,481</u> | <u>\$452,982</u> |
| Total Capital Assets, being Depreciated (Net) | <u>\$350,935</u> | <u>\$137,716</u> | <u>\$ (8,061)</u> | <u>\$480,591</u> |

Depreciation expense for the year ended June 30, 2009 was \$93,218. In the Statement of Activities, \$91,975 was included in public safety and \$1,243 was in administration.

5. Pension Plan:

Plan description. Full-time employees (approximately 16) of the DeSoto Parish Ambulance Service District are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan A.

DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
Notes to Financial Statements
June 30, 2009

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, after age 55 with at least 25 years of creditable service, or at any age with at least 30 year of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to 1 % of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619 or by calling (225) 928-1361.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.5 % of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 13.25% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation for the prior fiscal year. The District was accepted into the Plan on January 1, 2003. The District's contributions for the years ending June 30, 2009, 2008 and 2007 were \$69,165, \$73,388 and \$59,490, respectively, equal to the required contributions for each year.

6. Net Ambulance Service Charges/Receivables:

Net ambulance service charges for year ended June 30, 2009, are as follows:

| | |
|---|-------------------|
| Ambulance service charges and fees | \$1,968,644 |
| Less contractual adjustments and write offs | (913,436) |
| Less write-offs to bad debt expense | (240,146) |
| Net ambulance service charges and fees | <u>\$ 815,062</u> |

DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
Notes to Financial Statements
June 30, 2009

The receivable consists of \$299,668 due from insurance and Medicare/Medicaid for ambulance services provided.

| | |
|--|--------------------|
| Ambulance service charge receivable | \$ 1,429,007 |
| Allowance for doubtful accounts | <u>(1,129,339)</u> |
| Net ambulance service charges receivable | <u>\$ 299,668</u> |

The insurance companies only pay a percentage of the billings and the unpaid balance is recorded as a contractual adjustments. Write-offs consist of DeSoto Parish private pay not required to pay for services and out-of-parish residents who have been identified as nonpaying.

7. Risk Management:

The DeSoto Parish Ambulance Service District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and injuries to employees. To handle such risks of loss, the EMS maintains commercial insurance policies covering: automobile liability, medical payments, uninsured motorist and collision, health insurance providing 100 percent coverage for any employee injured while on the job; and surety bond coverage. No claims were paid on any of the policies during the past year that exceeded the policies' coverage amounts. In addition to the above policies, the District also maintains a liability insurance policy with the Louisiana Ambulance Service Districts' Risk Management Program. No claim has been paid on the policy during the past year nor is the District aware of any unfilled claims.

8. Operating Lease:

The EMS rents a building in Mansfield, Louisiana for one of its stations. The lease is on a yearly renewal basis. Lease payments for year end June 30, 2009 were \$6,450.

9. Litigation and Claims:

At June 30, 2009, the Desoto Parish Ambulance Service District was not involved in any litigation nor was aware of any unasserted claims.

10. Compensation Paid Board Members:

The Board members were not compensated during the year ended June 30, 2009.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2009

| | Budget <u>Original/Final</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--------------------------------------|---------------------------------|--------------------|--|
| REVENUES: | | | |
| Taxes- | | | |
| Ad Valorem | \$1,116,000 | \$1,158,495 | \$ 42,495 |
| Charges for Services- | | | |
| Ambulance Service Charges | 600,000 | 815,062 | 215,062 |
| Intergovernmental- | | | |
| Federal Grant | 17,955 | 11,424 | (6,531) |
| Local Grant | 0 | 20,000 | 20,000 |
| Miscellaneous- | | | |
| Investment Earnings | 14,000 | 10,662 | (3,338) |
| Other Revenues | <u>5,400</u> | <u>18,351</u> | <u>12,951</u> |
| Total Revenues | <u>\$1,753,355</u> | <u>\$2,033,994</u> | <u>\$280,639</u> |
| EXPENDITURES: | | | |
| Current- | | | |
| Administrative | \$ 34,200 | \$ 34,344 | \$ (144) |
| Public Safety | 1,221,500 | 1,183,939 | 37,561 |
| Operations | 176,650 | 168,920 | 7,730 |
| Occupancy | 19,100 | 18,728 | 372 |
| Capital Outlay | <u>301,905</u> | <u>230,935</u> | <u>70,970</u> |
| Total Expenditures | <u>\$1,753,355</u> | <u>\$1,636,866</u> | <u>\$116,489</u> |
| Excess of Revenues over Expenditures | \$ 0 | \$ 397,128 | \$397,128 |
| Fund Balance-Beginning of Year | <u>1,138,438</u> | <u>1,138,438</u> | <u>0</u> |
| Fund Balance-End of Year | <u>\$ 837,004</u> | <u>\$1,535,566</u> | <u>\$397,128</u> |

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation

Roger M. Cunningham, CPA – A Professional Corporation

Jessica H. Broadway, CPA – A Professional Corporation

Ryan E. Todtenbier, CPA – A Professional Corporation

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mr. Joe Magee, Administrator
DeSoto Parish Ambulance Service District
P. O. Box 863
Mansfield, LA 71052

We have audited the financial statements of the governmental activities and the major fund of the DeSoto Parish Ambulance Service District, d/b/a DeSoto EMS (District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financing reporting.

A control deficiency exists when the design or operations of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control system that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the DeSoto Parish Ambulance Service District's management, the Louisiana Legislative Auditor, and interested state and federal agencies and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPA's

December 18, 2009
Natchitoches, Louisiana

DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
Schedule of Audit Findings
Year Ended June 30, 2009

I. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the DeSoto Parish Ambulance Service District.
2. There were no significant deficiencies noted during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the DeSoto Parish Ambulance Service District were disclosed during the audit.

II. Financial Statements Audit

No findings.

III. Prior Year Findings

No findings.